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Compensatory revenue

- Appropriates \$55 million in FY26 only. The compensation revenue pupil units for each building in a district equals the greater of the building's actual compensation revenue pupil for FY26 or the building's actual compensation revenue pupil units for FY24.
- Allows a school district to allocate up to 40 percent of compensatory revenue on a district-wide basis, instead of 80% under current law (FY26 and 27 only).
- Establishes a legislative task force to make recommendations on program changes.

Blue Ribbon Commission on Special Education

Establishes a Blue Ribbon Commission on Special Education to advise and assist the legislature and the governor on “transforming special education services” and finding \$250 million in savings. If not, a commensurate reduction in special education cross-subsidy aid will go into effect in FY28-29 (\$125 million per year).

Special education transportation revenue

Reduces special education transportation reimbursement from 100% to 95% but keeps reimbursement for transportation of homeless and highly mobile students at 100%.

Literacy incentive aid

Renames Literacy Incentive Aid to Literacy Aid and allows literacy aid to be used to meet the requirements and goals of a district’s local literacy plan instead of a list of allowable uses.

Read Act

- Allows the hours of instruction for secondary students to be reduced by 5 ½ hours for the 2025-2026 school year.
- Requires the district to measure a student's reading proficiency in the dual language immersion program's partner language if a screener is available.
- Clarifies when oral reading fluency screeners may be used to assess reading difficulties, including characteristics of dyslexia.
- Broadens requirement relating to persons that use approved screeners to include all “external partners offering literacy supports in schools.”
- Clarifies that special education teachers who are responsible for literacy instruction are required to take the required training by July 1, 2026.
- Beginning July 1, 2027, requires an educator who is new to the state of Minnesota or is newly licensed and did not receive instruction in the teaching of foundational reading skills based on structured literacy, to complete one of the approved training programs.

Long-term facilities maintenance revenue

- Beginning in FY27 authorizes a school district to include roof repair and replacement costs totaling \$100,000 or more per site in the district’s annual long-term facilities maintenance plan.

- Increases the equalizing factor to offset projected levy increases.

Student support personnel aid

- Reduces the per-pupil allocation to \$30.05 in FY26-27 and \$34.32 each year after that. Sets the cooperative student support allowance at \$1.60 for FY26 and later.
- Expands allowable uses to include up to \$5,000 per year for employee training, job-embedded coaching, and qualifying travel expenses among school buildings for support staff.
- Allow a declining enrollment district to use funds to maintain staff that would otherwise be eliminated due to budget concerns.
- No change to the formula for cooperative school districts.

School meals

- Lowers the additional state funding for school lunch (above the amount established by federal rule for free lunch) from \$12.5 cents to \$6.25 cents per meal served beginning FY28.
- Requires a school to allow a student to purchase a second breakfast or lunch if the student has already selected a reimbursable breakfast or lunch.

Allowable uses of excess food service funds

- Expands allowable uses to include costs of serving food, including related technology and systems costs.
- Allows excess funds for expenses that improve the school food service, including the costs of plumbing, electrical, air handling, ventilation, or other building utility work necessary to operate equipment essential for food service activities or to remediate food service-related health and safety hazards.

School library aid

- Reduces per pupil school library aid to \$10.27 for FY26-27 and to \$9.12 for FY28 and later.
- Reduces minimum amounts from \$40,000 for a school district to \$20,000 beginning FY26.
- Removes electronic, computer, and audiovisual equipment, information technology infrastructure, and digital tools from the list of eligible uses of school library aid.

School start date for 2026-2027 and 2027-2028

Allows a district to begin the school year on September 1 or later for the 2026-2027 and 2027-2028 school years only.

Short-call emergency substitute teacher program

Makes this program permanent and allows a district to compensate the employee based on the district's substitute teacher rate of pay.

Mascot replacement

Authorizes a school district to retain an American Indian mascot and symbols with the approval of the geographically closest American Indian Tribe and the school district's American Indian Parent Advisory Committee. If the district does not have an American Indian Parent Advisory Committee, then the school only needs to see consent from the closest American Indian Tribe.

Telecommunications access aid

Repeals the equity in telecommunications access aid program.

Cardiac emergency response plan

Requires a school district to develop a cardiac emergency response plan consistent with the model plan developed by MDE beginning in the 2026-2027 school year. Appropriates \$1 million to implement cardiac emergency response plans in FY26 only.